

Introduced by Senator Escutia
(Principal coauthor: Senator Speier)

December 6, 2004

An act to amend Sections 11629.7, 11629.71, 11629.72, 11629.73, 11629.731, 11629.74, 11629.75, 11629.76, 11629.77, 11629.78, 11629.79, 11629.8, 11629.81, and 11629.85 of, to amend the heading of Article 5.5 (commencing with Section 11629.7) of, and to repeal Section 11629.84 of, and to repeal Article 5.6 (commencing with Section 11629.9) of Chapter 1 of Part 3 of Division 2 of, the Insurance Code, and to amend Sections 4000.37, 4000.38, and 16056.1 of, and to repeal Sections 16020.1 and 16020.2 of, the Vehicle Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 20, as amended, Escutia. Auto insurance: low-cost policies: evidence of financial responsibility.

Existing law establishes, until January 1, 2007, *a* low-cost automobile insurance pilot ~~programs~~ *program* in the County of Los Angeles and the City and County of San Francisco. Existing law provides for the issuance of automobile liability policies pursuant to ~~these programs~~ *this program* under specified terms and conditions, and provides that a policy so issued satisfies specified requirements regarding financial responsibility.

This bill would eliminate the expiration date for these provisions.

The bill would, as of April 1, 2006, ~~establish~~ *extend the* low-cost automobile ~~programs in~~ *program to* the Counties of Alameda, Fresno, Orange, Riverside, San Bernardino, and San Diego. It would require the Insurance Commissioner to establish the annual rate offered initially under ~~these programs~~ *the program for these counties*, and to

adopt regulations to ~~implement programs~~ *extend the program* to these counties.

The bill would make certain other changes to the provisions governing the ~~programs~~ *program*.

Existing law requires the Department of Motor Vehicles to require each applicant for renewal of a motor vehicle registration to submit either a form approved by the department, but issued by the insurer, containing specified information, or any one of specified documents as evidence of coverage under an alternative form of financial responsibility that may be provided by the applicant in compliance with existing financial responsibility laws. Under existing law, on and after January 1, 2007, this requirement is made inapplicable to a vehicle owner with a residence address in the County of Los Angeles or in the City and County of San Francisco. Existing law also makes inapplicable on or after that date, with respect to persons in those 2 jurisdictions, a related evidence of financial responsibility requirement involving providing that information to a peace officer.

This bill would delete the provisions making these requirements regarding evidence of financial responsibility inapplicable on or after January 1, 2007, in the County of Los Angeles and in the City and County of San Francisco.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The heading of Article 5.5 (commencing with
2 Section 11629.7) of Chapter 1 of Part 3 of Division 2 of the
3 Insurance Code is amended to read:

4
5 Article 5.5. California Low-Cost Automobile Insurance
6 ~~Programs~~ *Program*
7

8 SEC. 2. Section 11629.7 of the Insurance Code is amended to
9 read:

10 11629.7. (a) There is established, within the California
11 Automobile Assigned Risk Plan established under Section
12 ~~11620, low-cost automobile insurance programs~~ *11620, a*
13 *low-cost automobile insurance program* for the County of Los
14 Angeles and for the City and County of San Francisco.

(b) Effective April 1, 2006, ~~there are~~ *is* established, within the California Automobile Assigned Risk Plan established under ~~Section 11620, low-cost automobile insurance programs for the~~ *Section 11620, a low-cost automobile insurance program for the* Counties of Alameda, Fresno, Orange, Riverside, San Bernardino, and San Diego.

(c) The commissioner, after a public hearing, shall approve or issue a reasonable plan for the equitable apportionment, among insurers required to participate in the California Automobile Assigned Risk Plan established under Section 11620, of persons residing in the counties or cities and counties set forth in subdivisions (a) and (b) who are eligible to purchase through the program established in each county or city and county a low-cost automobile insurance policy, as described in Section 11629.71. ~~The programs~~ *program* shall be conducted in conjunction with the California Automobile Assigned Risk Plan established under Section 11620.

SEC. 3. Section 11629.71 of the Insurance Code is amended to read:

11629.71. A low-cost automobile insurance policy for purposes of ~~the programs~~ *program* established under this article shall have all of the following attributes:

(a) The policy shall offer coverage in the amount of ten thousand dollars (\$10,000) for bodily injury to, or death of, each person as a result of any one accident and, subject to that limit as to one person, the amount of twenty thousand dollars (\$20,000) for bodily injury to, or death of all persons as a result of any one accident, and the amount of three thousand dollars (\$3,000) for damage to property of others as a result of any one accident.

(b) The coverage required by Section 11580.2 shall be made available to the consumer. However, an insurer may charge a premium for that coverage in addition to the premium set forth in Section 11629.72. Notwithstanding the coverage amounts required by Section 11580.2 and Section 16056 of the Vehicle Code, uninsured motorist coverage issued in conjunction with a low-cost automobile policy under ~~the programs~~ *program*, with coverage limits at least equal to the limits of liability in the underlying low-cost automobile policy, shall satisfy the requirements of Section 11580.2 and the financial responsibility

1 requirements of Sections 4000.37, 16021, and 16431 of the
2 Vehicle Code.

3 (c) Medical payments coverage shall be made available to the
4 consumer. However, an insurer may charge a premium for that
5 coverage in addition to the premium set forth in Section
6 11629.72.

7 (d) The policy shall have an initial term of one year, renewable
8 on an annual basis thereafter.

9 (e) The policy shall cover the person named in the policy, and
10 to the same extent that insurance is provided to the named
11 insured, any other person using the automobile, provided the use
12 is with his or her permission, express or implied, and within the
13 scope of that permission, except that the policy shall not cover
14 members of the named insured's household who do not satisfy
15 the requirements of subdivisions (b) to (e), inclusive, of Section
16 11629.73.

17 SEC. 4. Section 11629.72 of the Insurance Code is amended
18 to read:

19 11629.72. (a) Effective March 1, 2003, the annual rate
20 offered under the program for the low-cost automobile policy,
21 unless and until the time that the rate is adjusted, shall be three
22 hundred forty-seven dollars (\$347) per covered vehicle for the
23 County of Los Angeles and three hundred fourteen dollars (\$314)
24 per covered vehicle for the City and County of San Francisco,
25 unless the commissioner establishes that rate or a different rate
26 prior to that time. The annual rate offered initially under the
27 ~~programs for~~ *program for each of* the Counties of Alameda,
28 Fresno, Orange, Riverside, San Bernardino, and San Diego shall
29 be established by the commissioner no later than April 1, 2006. A
30 surcharge, as a percentage of the base rate, shall be added to the
31 base rate and that percentage shall be set at the discretion of the
32 commissioner, if the named insured is an unmarried male
33 between the ages of 19 and 24, inclusive, or if an unmarried male
34 between the ages of 19 and 24, inclusive, resides in the
35 household of the named insured and will be a driver of the
36 automobile covered under the low-cost policy.

37 (b) In addition to existing premium installment options offered
38 by the California Automobile Assigned Risk Plan under Article 4
39 (commencing with Section 11620), the plan shall also make
40 available to an insured under the ~~programs~~ *program* a premium

installment option pursuant to which an insured is required to pay not more than 15 percent of the total policy cost upon issuance of the low-cost policy, followed thereafter by six other payments. No other premium financing arrangement shall be permitted.

(c) Rates for policies issued under ~~each program~~ *the program in each county or city and county* shall be reviewed and revised as follows:

(1) Rates shall be sufficient to cover (A) losses incurred under policies issued under the program, and (B) expenses, including, but not limited to, all reasonable and necessary expenses such as the costs of administration, underwriting, taxes, commissions, and claims adjusting, that are incurred due to participation in the program. For purposes of this paragraph, "losses incurred" means claims paid, claims incurred and reported, and claims incurred but not yet reported. In assessing loss reserves, the commissioner shall only allow loss reserves that are estimated from actual losses in the program or comparable data by a licensed statistical agent, as adjusted to reflect coverage provided under the program.

(2) Rates shall be set so as to result in no projected subsidy of the program by those policyholders of insurers issuing policies under the program who are not participants in the program.

(3) Rates shall be set with respect to the program so as to result in no projected subsidy by policyholders in one program of policyholders in any of the other programs.

(4) Commencing on January 1, 2001, and annually thereafter, the California Automobile Assigned Risk Plan shall submit the loss and expense data, together with a proposed rate and the surcharge authorized by subdivision (a) for the low-cost automobile policy for the program, to the commissioner for approval in accordance with this chapter. The commissioner shall act on the recommendation within 90 days.

SEC. 5. Section 11629.73 of the Insurance Code is amended to read:

11629.73. A low-cost automobile insurance policy under the ~~programs~~ *program* shall only be available for purchase by persons who satisfy the following eligibility requirements:

(a) The person shall be in a household with a gross annual household income that does not exceed 250 percent of the federal poverty level, as defined in Part 6.2 (commencing with Section

1 12693) or as defined in an equivalent manner that is approved by
2 the commissioner.

3 (b) The person shall be no less than 19 years of age and have
4 been continuously licensed to drive an automobile for the
5 previous three years.

6 (c) The person shall have not more than one of either, but not
7 both, of the following within the previous three years:

8 (1) A property damage only accident in which the driver was
9 principally at fault.

10 (2) A point for a moving violation.

11 (d) The person shall not have on record within the previous
12 three years, an at-fault accident involving bodily injury or death.

13 (e) The person shall not have a felony or misdemeanor
14 conviction for a violation of the Vehicle Code on his or her
15 motor vehicle record.

16 (f) The person shall not be a college student claimed as a
17 dependent of another person for federal or state income tax
18 purposes.

19 SEC. 6. Section 11629.731 of the Insurance Code is amended
20 to read:

21 11629.731. A person who meets the requirements of
22 subdivision (a) of Section 11629.73, and who claims that he or
23 she meets the requirements of subdivisions (b) to (e), inclusive,
24 of Section 11629.73 based entirely or partially on a driver's
25 license and driving experience obtained other than in the United
26 States or Canada, shall be entitled to a rebuttable presumption
27 that he or she is qualified to purchase a low-cost automobile
28 insurance policy under the ~~programs~~ *program* if he or she has
29 been licensed to drive pursuant to a license obtained in the
30 United States or Canada for at least the previous 18 months and
31 meets the criteria of subdivisions (b) to (e), inclusive, for that
32 period.

33 SEC. 7. Section 11629.74 of the Insurance Code is amended
34 to read:

35 11629.74. (a) Application may be made through any
36 producer certified by the plan. The applicant, in order to
37 demonstrate financial eligibility to purchase a low-cost
38 automobile insurance policy under the ~~programs~~ *program*, shall
39 present at the time of applying for the policy, a copy of the
40 applicant's federal or state income tax return for the previous

1 year or other reliable evidence from a governmental agency or
2 governmental means-tested program of the applicant's gross
3 annual household income, pursuant to regulations issued under
4 subdivision (b) of Section 11629.79.

5 (b) The applicant shall certify that the representations made in
6 the documents submitted as proof of financial eligibility and in
7 the application for the policy are true, correct, and contain no
8 material misrepresentations or omissions of fact to the best
9 knowledge and belief of the applicant.

10 (c) The certified producer shall forward the application,
11 supporting documents, and the applicant's certification to the
12 California Automobile Assigned Risk Plan.

13 SEC. 8. Section 11629.75 of the Insurance Code is amended
14 to read:

15 11629.75. (a) A certified producer shall provide to an
16 applicant for a low-cost automobile insurance policy under this
17 article a notice relating to coverage under the policy. The notice
18 shall be provided in a separate document at the time of
19 application, and include the following statement in 14-point
20 boldface type:

21
22 "NOTICE

23
24 INSURANCE COVERAGE PROVIDED IN THE POLICY
25 YOU ARE BUYING CONTAINS REDUCED LIABILITY
26 COVERAGE FOR PERSONAL INJURIES OR PROPERTY
27 DAMAGE RESULTING FROM THE OPERATION OF THE
28 INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE
29 ACCIDENT EXCEED THE COVERAGE PROVIDED BY
30 THIS POLICY, YOU CAN BE HELD PERSONALLY LIABLE
31 AND RESPONSIBLE FOR THOSE LOSSES.

32 THIS POLICY PROVIDES LIABILITY COVERAGE FOR
33 INJURIES OR DEATH CAUSED TO OTHER PERSONS IN
34 THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS
35 (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP
36 TO A TOTAL AMOUNT OF TWENTY THOUSAND
37 DOLLARS (\$20,000) FOR ALL PERSONS IN ANY ONE
38 ACCIDENT. THE POLICY ALSO PROVIDES UP TO A
39 TOTAL AMOUNT OF THREE THOUSAND DOLLARS
40 (\$3,000) IN LIABILITY COVERAGE FOR PROPERTY

1 DAMAGE IN ANY ONE ACCIDENT. IF YOU WANT MORE
2 INSURANCE COVERAGE, YOU MUST REQUEST A
3 DIFFERENT POLICY.
4 THIS POLICY ALSO DOES NOT COVER DAMAGE TO
5 YOUR OWN VEHICLE, LOSSES RESULTING FROM YOUR
6 BODILY INJURY OR DEATH, OR COVERAGE FOR
7 LOSSES CAUSED BY AN UNINSURED OR
8 UNDERINSURED DRIVER. HOWEVER, THESE OTHER
9 COVERAGES MAY BE AVAILABLE AT EXTRA COST
10 THROUGH OTHER INSURERS.
11 THIS POLICY MAY ALSO CONTAIN UNINSURED
12 MOTORIST BODILY INJURY COVERAGE IN THE TOTAL
13 AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER
14 PERSON IN ANY ONE ACCIDENT AND UP TO A TOTAL
15 AMOUNT OF TWENTY THOUSAND DOLLARS (\$20,000)
16 FOR ALL PERSONS IN ANY ONE ACCIDENT, IF YOU SO
17 CHOOSE. IN ADDITION, THIS POLICY MAY ALSO
18 CONTAIN MEDICAL PAYMENTS COVERAGE IN THE
19 AMOUNT OF ONE THOUSAND DOLLARS (\$1,000) PER
20 PERSON IN ANY ONE ACCIDENT, IF YOU SO CHOOSE.
21 THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN
22 YOUR HOUSEHOLD WHO:
23 (a) IS UNDER 19 YEARS OF AGE; OR
24 (b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY
25 LICENSED DRIVING EXPERIENCE; OR
26 (c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE
27 FOLLOWING:
28 —A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH
29 THE DRIVER WAS PRINCIPALLY AT FAULT.
30 —A POINT FOR A MOVING VIOLATION; OR
31 (d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT
32 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR
33 (e) HAS A FELONY OR MISDEMEANOR CONVICTION
34 FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR
35 HER MOTOR VEHICLE RECORD.”
36 (b) When the certified producer establishes delivery of the
37 disclosure form specified in subdivision (a) by obtaining the
38 signature of the applicant or insured, there shall be a conclusive
39 presumption that the certified producer has complied with the
40 disclosure requirements of this section.

SEC. 9. Section 11629.76 of the Insurance Code is amended to read:

11629.76. (a) For a low-cost automobile insurance policy issued pursuant to the ~~programs~~ *program*, certified producers shall be entitled to the same commission rate as is paid by the California Automobile Assigned Risk Plan for private passenger, nonfleet risks under Article 4 (commencing with Section 11620).

(b) Notwithstanding subdivision (a), the commissioner may at any time establish a commission for a low-cost automobile insurance policy issued pursuant to the ~~programs~~ *program* and may make the commission effective on any policy originated within an entire year, or any portion of a year, as is needed to provide an incentive to certified producers to sell low-cost automobile insurance to eligible applicants. The commissioner shall not establish a commission pursuant to this subdivision if the commissioner determines that setting the commission rate will result in a lower commission percentage than would exist pursuant to subdivision (a).

(c) No other fees of any kind may be charged or collected pursuant to this section and the sale of a low-cost policy under this article shall not be conditioned on the purchase of any other product or service.

SEC. 10. Section 11629.77 of the Insurance Code is amended to read:

11629.77. (a) A low-cost automobile insurance policy issued pursuant to the ~~programs~~ *program* shall be canceled only for the following reasons:

- (1) Nonpayment of premium.
- (2) Fraud or material misrepresentation affecting the policy or the insured.
- (3) The purchase of additional automobile liability insurance coverage in violation of subdivision (a) of Section 11629.78.
- (4) The purchase or maintenance of automobile liability insurance coverage other than a low-cost policy for any additional vehicles in the insured's household, in violation of subdivision (b) of Section 11629.78.

(b) A policy shall be nonrenewed only for the following reasons:

- (1) A substantial increase in the hazard insured against.

1 (2) The insured no longer meets the applicable eligibility
2 requirements. In this regard, the eligibility of an insured shall be
3 recertified by the California Automobile Assigned Risk Plan
4 after the first year of eligibility, and annually thereafter by the
5 insurer that issued the policy.

6 SEC. 11. Section 11629.78 of the Insurance Code is amended
7 to read:

8 11629.78. (a) An insured under the ~~programs~~ *program* shall
9 not purchase automobile liability insurance coverage that is in
10 addition to the liability coverage provided by the low-cost policy.
11 However, the insured may purchase any other additional type of
12 automobile insurance coverage, such as uninsured motorist
13 coverage or collision coverage outside the plan.

14 (b) An insured under the ~~programs~~ *program* shall not purchase
15 or maintain any automobile liability insurance coverage other
16 than a low-cost policy for any additional vehicles in the insured's
17 household.

18 SEC. 12. Section 11629.79 of the Insurance Code is amended
19 to read:

20 11629.79. (a) The ~~programs~~ *program* for the County of Los
21 Angeles and the City and County of San Francisco ~~are~~ *is*
22 authorized to commence operations on January 1, 2000, but shall
23 be fully operational no later than July 1, 2000.

24 (b) To this end, the commissioner, in consultation with the
25 California Automobile Assigned Risk Plan, shall adopt
26 regulations to implement the provisions of this article within 60
27 days of its effective date. The regulations shall be adopted as
28 emergency regulations in accordance with Chapter 3.5
29 (commencing with Section 11340) of the Government Code, and
30 for purposes of that chapter, the adoption of the regulations shall
31 be considered by the Office of Administrative Law to be
32 necessary for the immediate preservation of the public peace,
33 health and safety, and general welfare.

34 (c) The ~~programs~~ *program* for the Counties of Alameda,
35 Fresno, Orange, Riverside, San Bernardino, and San Diego shall
36 commence operations on April 1, 2006. The commissioner, in
37 consultation with the California Automobile Assigned Risk Plan,
38 shall adopt regulations to implement the expansion of the
39 program to these counties. *The regulations shall be adopted as*
40 *emergency regulations in accordance with Chapter 3.5*

1 *(commencing with Section 11340) of the Government Code, and*
2 *for purposes of that chapter, the adoption of the regulations shall*
3 *be considered by the Office of Administrative Law to be*
4 *necessary for the immediate preservation of the public peace,*
5 *health and safety, and general welfare.*

6 SEC. 13. Section 11629.8 of the Insurance Code is amended
7 to read:

8 11629.8. Notwithstanding the coverage amounts required by
9 Section 16056 of the Vehicle Code, a low-cost automobile policy
10 issued under the ~~programs~~ *program* shall satisfy the financial
11 responsibility requirements of Sections 4000.37, 16021, and
12 16431 of the Vehicle Code.

13 SEC. 14. Section 11629.81 of the Insurance Code is amended
14 to read:

15 11629.81. The California Automobile Assigned Risk Plan
16 shall report to the Legislature on an annual basis, commencing
17 January 1, 2001, and at those additional times as it deems
18 prudent, on the status of the ~~programs~~ *program*.

19 SEC. 15. Section 11629.84 of the Insurance Code is repealed.

20 SEC. 16. Section 11629.85 of the Insurance Code is amended
21 to read:

22 11629.85. (a) On or before February 1 of each year, the
23 commissioner shall prepare and propose a plan to the Senate and
24 Assembly Committees on Insurance setting forth the methods the
25 commissioner intends to implement to inform households eligible
26 for the ~~programs~~ *program* about the availability of low-cost
27 automobile insurance. To be eligible for funding through the
28 budget process, the plan shall be reviewed by the Senate and
29 Assembly Committees on Insurance. The information required
30 under subdivision (c) shall also be provided to the Senate and
31 Assembly Committees on Transportation.

32 (b) The plan shall include, at a minimum, a brief description of
33 methods proposed to be used, anticipated costs, sources of
34 revenue, goals, targets, objectives, and a justification of the
35 proposed methods. The plan shall also explain how the
36 department proposes to work in cooperation with the California
37 Automobile Assigned Risk Plan, the social service departments
38 of the Counties of Los Angeles and San Francisco, the
39 Department of Motor Vehicles, and community-based

1 organizations in order to inform eligible households of the
2 existence of the ~~programs~~ *program*.

3 (c) The plan shall also include all of the following:

4 (1) The commissioner's determination regarding whether the
5 ~~plan~~ *program* has been successful, based on the criteria specified
6 in subdivision (d), and an explanation regarding that success or
7 lack thereof.

8 (2) Structural characteristics of the ~~plan~~ *program* that may
9 require statutory revision in order for the ~~plan~~ *program* to
10 succeed or to improve upon existing success.

11 (3) Impediments to success of the ~~plan~~ *program* that can
12 reasonably be overcome by revision to the strategies adopted by
13 the department.

14 (4) Administrative costs incurred by the low-cost automobile
15 insurance ~~programs~~ *program* and participants in the ~~programs~~
16 *program*.

17 (d) The ~~programs~~ *are program* is successful if the following
18 occur:

19 (1) The ~~plan~~ *program* generated sufficient premiums to cover
20 losses incurred under policies issued under the ~~programs~~, and
21 ~~expenses incurred by the programs. the program, and expenses~~
22 *incurred by the program*.

23 (2) The ~~plan~~ *program* served the public purpose of offering
24 access to automobile insurance to otherwise underserved
25 communities in the program areas.

26 (3) The ~~plan~~ *program* offered access to automobile insurance
27 to previously uninsured motorists seeking affordable coverage in
28 the program areas.

29 (e) Any written or oral advertisements, including, but not
30 limited to, paid or unpaid commercial or noncommercial
31 advertising, by the department with reference to the low-cost
32 automobile insurance ~~programs~~ *program* shall reference the
33 department and shall not reference the commissioner by name or
34 office, or include the commissioner's voice, image, or likeness.
35 The department shall not participate with any nongovernmental
36 entity that produces or intends to produce advertisements or
37 educational material that include the name of the commissioner
38 or his or her voice, image or likeness, and that are intended to
39 make eligible households aware of the existence of low-cost
40 automobile insurance.

1 SEC. 17. Article 5.6 (commencing with Section 11629.9) of
2 Chapter 1 of Part 3 of Division 2 of the Insurance Code is
3 repealed.

4 SEC. 18. Section 4000.37 of the Vehicle Code is amended to
5 read:

6 4000.37. (a) Upon application for renewal of registration of
7 a motor vehicle, the department shall require that the applicant
8 submit either a form approved by the department, but issued by
9 the insurer, as specified in paragraph (1), (2), or (3), or any of the
10 items specified in paragraph (4), as evidence that the applicant is
11 in compliance with the financial responsibility laws of this state.

12 (1) For vehicles covered by private passenger automobile
13 liability policies and having coverage as described in
14 subdivisions (a) and (b) of Section 660 of the Insurance Code, or
15 policies and coverages for private passenger automobile policies
16 as described in subdivisions (a) and (b) of that section and issued
17 by an automobile assigned risk plan, the form shall include all of
18 the following:

19 (A) The primary name of the insured covered by the policy or
20 the vehicle owner, or both.

21 (B) The year, make, and vehicle identification number of the
22 vehicle.

23 (C) The name, the National Association of Insurance
24 Commissioners (NAIC) number, and the address of the insurance
25 company or surety company providing a policy or bond for the
26 vehicle.

27 (D) The policy or bond number, and the effective date and
28 expiration date of that policy or bond.

29 (E) A statement from the insurance company or surety
30 company that the policy or bond meets the requirements of
31 Section 16056 or 16500.5. For the purposes of this section,
32 policies described in Section 11629.71 of the Insurance Code are
33 deemed to meet the requirements of Section 16056.

34 (2) For vehicles covered by commercial or fleet policies, and
35 not private passenger automobile liability policies, as described
36 in paragraph (1), the form shall include all of the following:

37 (A) The name and address of the vehicle owner or fleet
38 operator.

1 (B) The name, the NAIC number, and the address of the
2 insurance company or surety company providing a policy or
3 bond for the vehicle.

4 (C) The policy or bond number, and the effective date and
5 expiration date of the policy or bond.

6 (D) A statement from the insurance company or surety
7 company that the policy or bond meets the requirements of
8 Section 16056 or 16500.5 and is a commercial or fleet policy.
9 For vehicles registered pursuant to Article 9.5 (commencing with
10 Section 5301) or Article 4 (commencing with Section 8050) of
11 Chapter 4, one form may be submitted per fleet as specified by
12 the department.

13 (3) (A) The director may authorize an insurer to issue a form
14 that does not conform to paragraph (1) or (2) if the director does
15 all of the following:

16 (i) Determines that the entity issuing the alternate form is or
17 will begin reporting the insurance information required under
18 paragraph (1) or (2) to the department through electronic
19 transmission.

20 (ii) Determines that use of the alternate form furthers the
21 interests of the state by enhancing the enforcement of the state's
22 financial responsibility laws.

23 (iii) Approves the contents of the alternate form as providing
24 an adequate means for persons to prove compliance with the
25 financial responsibility laws.

26 (B) The director may authorize the use of the alternate form in
27 lieu of the forms otherwise required under paragraph (1) or (2)
28 for a period of four years or less and may renew that authority for
29 additional periods of four years or less.

30 (4) In lieu of evidence of insurance as described in paragraphs
31 (1), (2), and (3), one of the following documents as evidence of
32 coverage under an alternative form of financial responsibility
33 may be provided by the applicant:

34 (A) An evidence form, as specified by the department, that
35 indicates either a certificate of self-insurance or an assignment of
36 deposit letter has been issued by the department pursuant to
37 Sections 16053 or 16054.2.

38 (B) An insurance covering note or binder pursuant to Section
39 382 or 382.5 of the Insurance Code.

1 (C) An evidence form that indicates coverage is provided by a
2 charitable risk pool operating under Section 5005.1 of the
3 Corporations Code, if the registered owner of the vehicle is a
4 nonprofit organization that is exempt from taxation under
5 paragraph (3) of subsection (c) of Section 501 of the United
6 States Internal Revenue Code. The evidence form shall include:

7 (i) The name and address of the vehicle owner or fleet
8 operator.

9 (ii) The name and address of the charitable risk pool providing
10 the policy for the vehicle.

11 (iii) The policy number, and the effective date and expiration
12 date of the policy.

13 (iv) A statement from the charitable risk pool that the policy
14 meets the requirements of subdivision (b) of Section 16054.2.

15 (b) This section does not apply to any of the following:

16 (1) A vehicle for which a certification has been filed pursuant
17 to Section 4604, until the vehicle is registered for operation upon
18 the highway.

19 (2) A vehicle that is owned or leased by, or under the direction
20 of, the United States or any public entity that is included in
21 Section 811.2 of the Government Code.

22 (3) A vehicle registration renewal application where there is a
23 change of registered owner.

24 (4) A vehicle for which evidence of liability insurance
25 information has been electronically filed with the department.

26 *SEC. 19. Section 4000.38 of the Vehicle Code, as added by*
27 *Section 3 of Chapter 920 of the Statutes of 2004, is amended to*
28 *read:*

29 4000.38. (a) The department shall suspend, cancel, or revoke
30 the registration of a vehicle when it determines that any of the
31 following circumstances has occurred:

32 (1) The registration was obtained by providing false evidence
33 of financial responsibility to the department.

34 (2) Upon notification by an insurance company that the
35 required coverage has been canceled and a sufficient period of
36 time has elapsed since the cancellation notification, as
37 determined by the department, for replacement coverage to be
38 processed and received by the department.

39 (3) Evidence of financial responsibility has not been submitted
40 to the department within 30 days of the issuance of a registration

1 certificate for the original registration or transfer of registration
2 of a vehicle.

3 (b) (1) Prior to suspending, canceling, or revoking the
4 registration of a vehicle, the department shall notify the vehicle
5 owner of its intent to suspend, cancel, or revoke the registration,
6 and shall provide the vehicle owner a reasonable time, not less
7 than 45 days in cases under paragraph (2) of subdivision (a), to
8 provide evidence of financial responsibility or to establish that
9 the vehicle is not being operated.

10 (2) For the duration of the low-cost automobile insurance pilot
11 ~~programs~~ *program* established under ~~Sections~~ *Section* 11629.7
12 ~~and 11629.9~~ of the Insurance Code, the department shall provide
13 residents of ~~Los Angeles County and San Francisco County~~ *the*
14 *Counties of Alameda, Fresno, Los Angeles, Orange, Riverside,*
15 *San Bernardino, and San Diego, and the City and County of San*
16 *Francisco*, with information on the notification document, in
17 plain, bold type not less than 12 point in size, and in both English
18 and Spanish, stating the following:

19 “A program offering affordable automobile insurance to
20 low-income households in ~~Los Angeles County and San~~
21 ~~Francisco County~~ *the Counties of Alameda, Fresno, Los Angeles,*
22 *Orange, Riverside, San Bernardino, and San Diego, and the City*
23 *and County of San Francisco*, has been established. To determine
24 if you are eligible for this insurance, call (insert toll-free phone
25 number for the California Automobile Assigned Risk Plan or its
26 successor). This call is free to you and may be made during
27 normal business hours, Monday through Friday, except
28 holidays.”

29 (c) Notwithstanding any other provision of this code, before a
30 registration is reinstated after suspension, cancellation, or
31 revocation, there shall be paid to the department, in addition to
32 any other fees required by this code, a fee sufficient to pay the
33 cost of the reissuance as determined by the department.

34 (d) This section shall become operative on January 1, 2006.

35 SEC.

36 ~~19.~~

37 20. Section 16020.1 of the Vehicle Code is repealed.

38 SEC.

39 ~~20.~~

40 21. Section 16020.2 of the Vehicle Code is repealed.

SEC.

~~21.~~

22. Section 16056.1 of the Vehicle Code is amended to read:

16056.1. (a) Notwithstanding the coverage limits specified in Section 16056, an automobile insurance policy described in Section 11629.71 of the Insurance Code shall be effective under Section 16054 when issued by an insurance company admitted to do business in this state by the Insurance Commissioner and the policy is subject, if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and costs, of not less than ten thousand dollars (\$10,000) because of bodily injury to or death of one person in any one accident and, subject to that limit for one person, to a limit of not less than twenty thousand dollars (\$20,000) because of bodily injury to or death of two or more persons in any one accident, and if the accident has resulted in injury to, or destruction of property, to a limit of not less than three thousand dollars (\$3,000) because of injury to or destruction of property of others in any one accident.

O